

Message Text

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67

ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 INT-08 SCEM-02 SCI-06 AID-20

CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00

XMB-07 OPIC-12 SPC-03 CIEP-02 LAB-06 SIL-01 OMB-01

DODE-00 PM-07 H-03 L-03 NSC-10 PA-03 PRS-01 SS-20

USIA-15 ACDA-19 IO-15 STR-08 CEA-02 DRC-01 /216 W

----- 097907

R 131735Z OCT 73

FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC 5306

INFO AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY PANAMA

AMEMBASSY SAN SALVADOR

AMEMBASSY TEGUCIGALPA

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E.O. 11652: N/A

TAGS: ENRG, MTRD, EIND, CS

SUBJECT: RECOPE - TRANSFER TO GOCR ACCOMPLISHED

REF: SAN JOSE 3612

1. AFTER HARD DAY OF NEGOTIATIONS, TRANSFER AGREEMENT
FINALLY SIGNED EVENING OF OCTOBER 11, THEREBY PASSING TITLE
OF COSTA RICA'S REFINERY, RECOPE, FROM ALLIED CHEMICAL
TO THE GOCR. IMMEDIATELY THEREAFTER, AT 10 P.M., PRESENT
BOARD RESIGNED, LEAVING GOCR FREE TO RECONSTITUTE NEW
BOARD. CEREMONIAL SIGNING WAS ACCOMPLISHED AT RESIDENCE
OF PRESIDENT FIGUERES, AND INDUSTRIES MINISTER KOGAN
DELIVERED "SYMBOLIC DOLLAR" (A SLIGHTLY WORN ONE FROM
KOGAN'S BILLFOLD) WHICH WAS AUTOGRAPHED BY BOTH THE PRESI-
DENT AND KOGAN. RECOPE MANAGER PAUL COVERSTON SAID SIGN-
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ING WAS AMICABLE, BUT OBVIOUS THAT GOCR HAD NOT FOCUSED

ON KIND OF HEADACHES OPERATING THE REFINERY WOULD BRING.

2. COVERSTON PROVIDED FOLLOWING ADDITIONAL DETAILS:

(A) "RE-SALE" CLAUSE PLACING PENALTY ON GOCR FOR SALE OF PROPERTY WITHIN FIVE YEARS WAS DROPPED.

(B) GOCR AGREED TO PAY ALLIED FOR INVENTORY ON HAND AT END OF SEPTEMBER AND FOR ACCOUNTS RECEIVABLE AS OF OCTOBER 1, A SUM SLIGHTLY ABOVE \$2 MILLION, IN TWO INSTALLMENTS, AT THE END OF NOVEMBER AND AT THE END OF DECEMBER.

(C) STOCK CERTIFICATES WERE TURNED OVER AT TIME OF SIGNING (FLOWERS OF ALLIED'S SUBSIDIARY, UTP, HAD INDICATED TO US--REFTEL--THAT STOCK CERTIFICATES WOULD NOT BE TURNED OVER IMMEDIATELY BUT WOULD BE HELD TO ASSURE PAYMENT FOR INVENTORY, SO THIS REPRESENTED A CONCESSION BY ALLIED; THE "RE-SALE" CLAUSE--(A) ABOVE--WAS PROBABLY INCLUDED IN THE FIRST PLACE ONLY AS A NEGOTIATING POINT).

(D) ALLIED RECEIVED A LETTER OF GUARANTEE FROM THE GOCR RE FUTURE CRUDE SHIPMENTS WHICH WILL PROVIDE ALLIED PROTECTION AND ASSURE CONTINUED CRUDE SUPPLIES UNTIL SHELL CONTRACT CAN BE ASSIGNED TO GOCR.

(E) TERMS OF TRANSFER AGREEMENT SIGNED OCTOBER 11 CONTAINED A "QUIT CLAIM" DEEMED SATISFACTORY BY ALLIED. AGREEMENT MUST BE RATIFIED BY THE ASSEMBLY, BUT NO TROUBLE ANTICIPATED, PARTICULARLY SINCE DIPUTADO JIMENEZ PRESENT AT SIGNING.

3. QUESTION OF MANAGEMENT CONTRACT DID NOT COME UP. COVERSTON PLANS TO RAISE THIS WITHIN A FEW DAYS; HE WILL RESIGN IF AFFIRMATIVE DECISION NOT MADE PROMPTLY. HE POINTED OUT RECOPE COULD RUN INTO TROUBLE SINCE WITHOUT ALLIED IT WILL HAVE NO SPARE PARTS PURCHASE ORGANIZATION: HE NOTED GOCR MIGHT LOOK TO MEXICO AND VENEZUELA FOR TECHNICAL ASSISTANCE.

R. COMMENT: TOTAL SALE PRICE, INCLUDING ASSUMPTION LIMITED OFFICIAL USE

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OF "FRENCH DEBT" FOR ORIGINAL EQUIPMENT PURCHASE, SEEMS TO BE ABOUT \$7 MILLION, WITH GOCR OBLIGATED TO COME UP WITH \$2 MILLION WITHIN THREE MONTHS TO PAY FOR INVENTORIES. AS OF SATURDAY MORNING, OCT. 13, NO WORD OF THIS SETTLEMENT HAD YET APPEARED IN PRESS. KOGAN TOLD DCM ON OCT. 12 THAT PRESIDENT WOULD DEFER ANNOUNCEMENT UNTIL HE CAN MAKE IT HIMSELF ON NATIONWIDE TV.
VAKY

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Message Attributes

Automatic Decaptioning: X
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Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGREEMENTS, REFINERIES, MEETINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 13 OCT 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973SANJO03636
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: SAN JOSE
Handling Restrictions: n/a
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ISecure: 1
Legacy Key: link1973/newtext/t19731034/aaaaayst.tel
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Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
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Previous Handling Restrictions: n/a
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30 JUN 2005

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Review Withdrawn Fields: n/a
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TAGS: ENRG, EIND, CS, RECOPE, ALLIED CHEMICAL
To: STATE
Type: TE
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